



FMDQ SPOTLIGHT

NEWSLETTER EDITION 74 – DECEMBER 2020





*Season's
Greetings*

FMDQ EXCHANGE

FMDQ CLEAR

FMDQ DEPOSITORY

**FMDQ
PRIVATE MARKETS**



Happy Holidays

*from all of us at
FMDQ Group*

Africa's First Vertically Integrated Financial Market Infrastructure Group



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NEW STORIES

2020 FMDQ Highlights and Outlook for 2021

As Africa's first vertically integrated Financial Market Infrastructure (FMI) Group, strategically positioned to provide an efficient one-stop platform for the seamless execution, clearing, settlement, risk management and depository of financial market transactions, as well as data and information services across the fixed income, currencies and derivatives markets, through its wholly owned subsidiaries – FMDQ Securities Exchange Limited, FMDQ Clear Limited, FMDQ Depository Limited and FMDQ Private Markets Limited - in the year 2020, rolled out market development initiatives, with a focus on sustainable finance development, clearing and settlement solutions, financial markets education and capacity building, amongst others, with key support from, and collaboration with market stakeholders and regulators.

The year was marked by significant developmental activities which demonstrated the resilience of the Nigerian financial market amidst evident challenges related to the implications of the COVID-19 pandemic. Some of these highlights include but are not limited to:

FMDQ Exchange Receives Statement of Compliance to IOSCO's Principles for Financial Benchmarks:

FMDQ Securities Exchange Limited ("FMDQ Exchange" or the "Exchange"), as a Benchmark Administrator, identified the need to ensure compliance with the International Organisation of Securities Commissions (IOSCO) Principles for Financial Benchmarks (PFB) and in furtherance to this, the Exchange activated an independent review on its Benchmark Administration Framework across various business areas including governance, operations, and information technology. The objective of the IOSCO PFB is to create an overarching framework of principles for benchmarks used in global financial markets. These principles focus on the methodology, transparency, and overall quality of benchmarks, as well as the overall governance arrangements and accountability for benchmark providers and other relevant bodies.

FMDQ-Next Commemorates International Day of Education: FMDQ Holdings PLC ("FMDQ" or "FMDQ Group"), through its flagship corporate responsibility Programme, FMDQ Next Generation Financial Market Empowerment Programme ("FMDQ-Next") joined the rest of the world on January 24, 2020, to mark the International Day of Education – a day proclaimed by the United Nations General Assembly in advancement of the Sustainable Development Goal 4 (Quality Education) to honour education and highlight its centrality to human well-being, sustainable development, and achievement of shared prosperity. Sustainable Development Goal 4 – Quality Education – aims to ensure inclusive and equitable quality education, as well as promote lifelong learning opportunities for all. The focus of the 2020 celebration was centered around positioning education and the learning it enables as humanity's greatest renewable resource and to reaffirm the role of education as a fundamental human right, a public good and an enabler of the 2030 Agenda for Sustainable Development.

FMDQ Targets SMEs; Establishes FMDQ Private Markets Limited: In order to bridge the funding gap and further improve the opportunities in the capital market ecosystem for different cadres of players, FMDQ Private Markets Limited (“FMDQ Private Markets”), a wholly owned subsidiary of FMDQ Group, was established as an organised platform to promote inclusion of private companies in the capital markets. As a strategically positioned Company, providing the much-needed transparency in the market for private securities, by eliminating information asymmetry and ultimately, improving credibility in the market for private issuances, FMDQ Private Markets will focus on delivering value across a range of service offerings to private companies – small-, medium- and large- scale enterprises – thereby enabling the companies benefit from access to pools of debt and equity private capital, improved corporate governance, and enhanced visibility within an organised environment designed specifically to meet their needs.

CBN, FMDQ Introduce Long-Dated OTC FX Futures Contracts for up to 5 Years: The Central Bank of Nigeria (CBN) has yet again shown its commitment towards the development of the foreign exchange (FX) market and indeed, the Nigerian financial markets, as the apex bank, in collaboration with FMDQ Group yesterday introduced the much awaited long-dated FX Futures, extending the maximum contract tenor to up to five (5) years. This implies that forty-seven (47) new monthly OTC FX Futures contracts, in addition to the existing thirteen (13) contracts have been introduced from February 13, 2020, bringing the total number of open OTC FX Futures contracts at any point to sixty (60).

Financial Center for Sustainability Lagos, Kicks-off Green Tagging Project: The Financial Centre for Sustainability, Lagos (a member of the International Network of Financial Centre for Sustainability), established as part of efforts to accelerate the expansion of sustainable finance in Nigeria through the collaborative partnership of FMDQ Group and other key stakeholders in the Nigerian financial market, organised the Green Tagging Project Kick-Off Ceremony on Friday, February 27, 2020, at FMDQ’s business complex, Exchange Place. The Green Tagging Project seeks to leverage the work carried out through the development of the Nigerian Sustainable Finance Roadmap to design a reporting framework under which all financial institutions can report in a homogenous manner their financing of projects and a monitoring/reporting mechanism that can serve as a transparency tool required to inform regulators.

AFEX and FMDQ Sign MoU to Promote Product Innovation for Nigeria’s Capital Market: In a signing ceremony on March 4, 2020, at the AFEX Commodities Exchange Limited (AFEX) offices in Abuja, AFEX and FMDQ Group formalised their partnership by executing a Memorandum of Understanding, solidifying their mutual interest in developing products to deepen the Nigerian capital market. The collaboration between AFEX and FMDQ recognises the importance of product innovation to market development and encouraging participation of a wider swathe of investors in the capital market. Holding the promise for developing new markets, the partnership will help deliver new initiatives focused on deepening the Nigerian capital market.

FMDQ Commemorates the 2020 International Women’s Day: FMDQ Group, in acknowledging the important role women play in their communities and the world at large, commemorated the 2020 International Women’s Day celebrations with a two (2)- daylong event. The International Women’s Day is an annual celebration which takes place every March 8, to recognise and commemorate the

social, economic, cultural, and political achievements of women all over the world. The global theme for 2020 was #EachForEqual with a central idea that 'An Equal World is an Enabled World'.

Nigerian Senate Committee on Capital Market Visits FMDQ: In an epoch event which heralded the beginning of continued collaborations and successful engagements, the Management of FMDQ Group hosted the Executive Members of the Ninth (9th) Nigerian Senate Committee on Capital Market (the Senate Committee or Committee) led by the Committee Chairman, His Excellency, Senator Ibikunle Amosun and accompanied by Ms. Mary Uduk, Ag. Director-General, SEC, and other SEC representatives on a courtesy visit on Thursday, March 19, 2020, to Exchange Place, Lagos. The Senate Committee on Capital Market is the legislative arm of the government responsible for providing supervision over the Nigerian capital market and proffering strategic direction, where required, for the associated regulators, operators, and financial market infrastructures such as FMDQ.

SEC, FMDQ Depository Revolutionise Depository Services in Nigeria: In June 2019, the Securities and Exchange Commission (SEC), in another unprecedented and forward-thinking market development posture, registered another depository, FMDQ Depository Limited ("FMDQ Depository") in the Nigerian capital markets after the existence of a sole depository for over 26 years, thereby empowering issuers and investors with freedom of choice, value and enhanced service delivery. FMDQ Depository commenced delivering on its operational mandate to implement value-added products and service offerings; with FMDQ Group providing efficient listing and trading services through FMDQ Exchange and the much-required risk management, clearing and settlement services through FMDQ Clear; offering market participants an unrivalled opportunity to experience enhanced liquidity and straight-through-processing.

FMDQ Exchange Extends Members' Timeline for Submission of Reports, Provides Uninterrupted Securities Admission Service: As part of FMDQ's commitment to the general well-being of the FMDQ markets and its participants alike in the face of the COVID-19 pandemic, FMDQ Exchange in its role as a market organiser in the Nigerian financial market has approved the extension of the deadline for the submission of the Quarterly Compliance Reports (the Reports) for the first quarter of 2020 till Friday, May 15, 2020. These Reports are submitted by FMDQ Exchange's Registration Members (Listings and Quotations) for sponsored securities currently listed and/or quoted on the Exchange. The extension aims to ameliorate the Exchange's Members whose reporting obligations to the Exchange have been affected by the disruptions caused by the COVID-19 pandemic.

FMDQ Depository Engages Participants, Holds Webinar on Post-Trade Market Structure: Recognising the importance of continuous stakeholder engagement, and particularly in view of the disruptions caused by the COVID-19 pandemic, FMDQ Depository, in line with the commitment of FMDQ Group to support its Members as they uphold the integrity of the markets during this period and beyond, waived the sub-account creation fee for issuers and investors warehousing their investments in the Dangote Cement PLC's Series 1 ₦100.00 billion debut bond which was issued and Back to Top oversubscribed within the month in view and for which FMDQ Depository holds a mandate as the joint depository. In same vein, the Depository held a webinar for its stakeholders on Thursday, April 30, 2020, to discuss the post-trade market structure as well as the effectiveness of response strategies to its business operations. The well-attended webinar provided an interactive and much-

required avenue for the Depository's stakeholders to deliberate on their operational modalities and business activities in view of the challenges posed by the COVID-19 pandemic.

FMDQ Sustains Business Operations Amidst COVID-19 Pandemic, Adopts Phased-Approach to Reopening of Exchange Place: FMDQ Exchange, in its role as a market organiser in the Nigerian financial market, and FMDQ Clear, the Clearing Franchise of the financial market infrastructure Group positioned to become a Central Counterparty in the near to medium term, held a joint stakeholder session with Members of their respective franchises during the lockdown to deliberate on the effectiveness of their Business Continuity Plans vis-à-vis their response strategies, establishing the continued readiness of all parties to maintain an active market during the lockdown. The FMDQ markets which were built on a tech-driven foundation, remained up and running with all trading, reporting and surveillance activities effected via the FMDQ Systems, and the attendant clearing and settlement activities, via FMDQ Clear and FMDQ Depository, respectively.

FMDQ Sustains Stakeholder Engagement Amidst COVID-19, Holds Capacity Building Sessions on Green Financing Opportunities and Combating Currency Volatility: The implementation parties to the Nigerian Green Bond Market Development Programme - FMDQ Group, Financial Sector Deepening (FSD) Africa and Climate Bonds Initiative – partnered to deliver a free capacity building webinar for current and potential issuers in the Nigerian agricultural sector. The session, themed, “Green Financing Opportunities for Agribusiness” held on Thursday, June 11, 2020, provided well-rounded discussions on green bonds and the components required for stakeholders in the agribusiness sector to attract green investments. Some of these include the green bonds certification process, framework, taxonomy for agricultural sector and reporting requirements. The conversations further revolved around the issuance process for green bonds, eligible projects for such bonds and available support under the Nigerian Green Bond Market Development Programme.

In the same vein, FMDQ's wholly owned subsidiary FMDQ Exchange also delivered a market-impacting webinar to enlighten its diverse stakeholders of the importance of risk management tools in the Nigerian financial market, particularly in view of currency volatilities and other challenges posed by the economic instability in view of the COVID-19 pandemic. The session, themed, “Combating Currency Exchange Volatility through Risk Management Tools” held on Wednesday, June 17, 2020 and provided insights on the broad considerations for managing/hedging foreign exchange exposures in the Nigerian financial market as well as the highlighted the features and usefulness of the Naira-settled OTC FX Futures product as an efficient and reliable risk management product to hedge currency exposures.

CEO, FMDQ Group, Shares Insights on Capital Markets at the BusinessDay Digital Dialogue Session:

As one of Nigeria's most reliable sources of actionable business and financial information, BusinessDay Media Limited (BusinessDay) in response to the COVID-19 pandemic outbreak, brought together senior global and local policy decision makers, thought leaders, and experts in business and industries for a two-day online dialogue. The session titled “A National Conversation: Mapping Nigeria's Response to COVID-19” was focused on sharing deep knowledge of how the current global economic crisis is evolving, how the disruption is shaking every foundation of economic prosperity laid over the last century, and to make sense of what the future holds for the Nigerian economy. FMDQ participated at the live webinar with the CEO, FMDQ Group, Mr. Bola Onadele. Koko, sharing valuable insights on

the “Challenges, Opportunities and Outlook for the Nigerian Capital Markets in the Aftermath of COVID-19”.

FMDQ Exchange Holds 1st Members’ Only Meeting for 2020: FMDQ Exchange hosted its Members on Friday, July 3, 2020 in line with its commitment to effective stakeholder engagement. The Meeting which held virtually via Zoom Cloud Meetings aimed to provide an avenue for interactions between FMDQ Exchange and stakeholders in its markets; to help design, develop and sustain the architecture of the market in which the participants operate. Deliberations were centred on FMDQ Exchange’s strategic initiatives including product and market development roadmap, technology, and related infrastructure, etc.; providing the Members an opportunity to exchange and receive feedback/suggestions for consideration and adoption by the Exchange towards shaping the market architecture and improving the depth and competitiveness of the Nigerian financial market, in line with their needs and the value-adding services provided by FMDQ.

FC4S Lagos, PwC Nigeria Host Session on Portfolio Diversification in Emerging Markets: To further bridge the knowledge gap as well as provide insights on how participants can leverage sustainable finance to diversify their investment portfolios during this time and beyond, the Financial Centre for Sustainability, Lagos, in partnership with PricewaterhouseCoopers (PwC) Nigeria and with the continued collaboration of FMDQ acting as Secretariat to FC4SL, executed a stakeholder sensitisation webinar session themed “Sustainable Finance in Emerging Markets: Portfolio PUBLIC Diversification” on Tuesday, July 7, 2020, as part of the Market Education and Sensitisation campaigns efforts of the Research, Education and Engagements Thematic Area of FC4SL.

FMDQ Holdings PLC Holds its 8th Annual General Meeting: FMDQ, Africa’s first vertically integrated financial market infrastructure (FMI) group, held its 8th Annual General Meeting (AGM) on Friday, July 24, 2020, following the respective AGMs of its wholly owned subsidiaries - FMDQ Securities Exchange, FMDQ Clear Limited, and FMDQ Depository Limited, on Thursday, July 23, 2020. In compliance with the COVID-19 directives Back to Top Public and guidelines of the Lagos State Government that prohibits gatherings of more than twenty (20) persons, and FMDQ’s commitment to keeping its staff and stakeholders safe, the AGMs held virtually, with the shareholders and other attendees participating in the proceedings via Zoom Cloud Meetings.

FC4S Lagos Partners FMDQ, FSD Africa, CBI to Engage LASG on Capacity Building Roundtable for Sustainable Finance; Signs Declaration with LASG: Following the successful launch of the Financial Centre for Sustainability, Lagos, an initiative set on inspiring a greener Nigeria through sustainability principles, in collaboration with market stakeholders, a Declaration was co-signed by the Executive Governor, Lagos State, Mr. Babajide Sanwo-Olu and the Chairman, FC4S Lagos, Mr. Bola Onadele. Koko. This Declaration, a crucial step towards operationalising FC4S Lagos, conveys the commitment of the Lagos State Government and FC4S Lagos, as well as other key stakeholders, to advance green and sustainable finance in the Nigerian financial markets, in line with the United Nations 2030 Agenda for Sustainable Development and the Paris Agreement. To further support the entrenchment of sustainable finance in the Nigerian financial markets, FC4S Lagos, in partnership with the implementing partners of the Nigeria Green Bond Market Development Programme (NGBMDP) – FMDQ, Climate Bonds Initiative (CBI) UK, and Financial Sector Deepening (FSD) Africa – organised a Capacity Building Roundtable Webinar (Roundtable) for the Executive Council of Lagos State

Government, themed “The Role of Sustainable Finance Instruments in Driving Economic Development” on Wednesday, August 5, 2020.

Leveraging the Nigerian Debt Capital Markets for Infrastructure: FMDQ Hosts Infrastructure Development Webinar: The Debt Capital Markets Development (DCMD) Project Infrastructure Finance Sub-Committee, in line with its Terms of Reference (ToR) to facilitate the uptake of capital markets products as a means of financing infrastructure, recently facilitated a webinar to create a platform for expert discussions on infrastructure development in Nigeria leveraging the Nigerian debt capital markets (DCM). The forum which targeted stakeholders and players in the construction, mines & steel, oil & gas, health, transportation, education, and information technology sectors among others, was geared towards critically discussing how domestic and foreign infrastructure financing can be raised through different financing models to create an enabling environment for private investments in Infrastructure.

Update on FMDQ’s Corporate Social Responsibility Initiatives: As a socially responsible organisation, FMDQ is involved and committed to initiatives towards supporting the general wellbeing of its stakeholders. In so doing, efforts are continuously channeled towards identifying ways through which the organisation can, through its corporate social responsibility (CSR) initiatives, positively impact its community and markets so as to foster sustainable development in the nation.

During the period in view, FMDQ was involved in the following CSR activities:

- FMDQ Group, in partnership with the Lagos State Government and Robert & John Limited, presented e-learning devices preloaded with Government accredited curriculum to the Lagos State Government for onward dissemination to students and teachers at public schools in the State as part of steps to move 1 million students to e-learning
- As a member of the Capital Market Support Committee for COVID-19 (CMSCC), a commendable initiative of the SEC, set up to provide support to the vulnerable groups on behalf of the Nigerian capital markets, FMDQ Group donated the sum of Sixty Million Naira (₦60.00 million) to support the initiative
- FMDQ also donated the sum of Ten Million Naira (₦10.00 million) to Ogun State Trust Fund (OGSTF) to support its mission of creating a safe and secure Gateway State, and Five Thousand (5,000) face masks to ensure the safety of OGSTF personnel and security agencies in the execution of their duties
- FMDQ Group, through the FMDQ-Next initiative observed the International Youth Day 2020 in line with the global agenda to celebrate mainstream young peoples’ voices, actions, and initiatives, as well as their meaningful, universal, and equitable engagement
- FMDQ joined the local and international community to mark the World Mask Week by donating face masks to vulnerable groups and students within its host community

FMDQ Clear landmarks as Nigeria’s Premier CCP, As SEC grants Approval-in-Principle for CCP Registration: The Nigerian financial markets recorded a ground-breaking and game changing milestone following the successful registration of FMDQ Clear Limited (FMDQ Clear) by the Securities and Exchange Commission on September 29, 2020, to become Nigeria’s premier Central Counterparty

(CCP). The FMDQ Clear CCP ushers the actualisation of the outstanding building block that will enable the development of thriving repurchase agreements, derivatives, and commodities markets in Nigeria like other developed economies and markets.

FC4S Lagos & PwC Nigeria Host Capacity Building Session for Manufacturing Sector: The Financial Centre for Sustainability, Lagos, in collaboration with PricewaterhouseCoopers (PwC), Nigeria and with the continued collaboration of FMDQ acting as Secretariat to FC4SL, executed a capacity building webinar themed “How Circular Economy Drives Sustainable Development” on September 24, 2020, as part of its efforts towards aiding the delivery of the Sustainable Development Goal (SDG) 12 - Responsible Consumption & Production, through the Circular Economy (CE) Initiative of the Research, Education & Engagements Thematic Area of FC4SL. The capacity building session which was targeted at the ecosystem of the Nigerian manufacturing sector, provided expert discussions and deliberations on how Nigeria’s waste management challenges can be resolved through the adoption of a circular model that aims at eliminating waste, promoting the continued use and reuse of scarce resources, and switching from a linear economic model of “take, make and dispose” to a circular economic model of “take, make, recycle and reuse”.

FMDQ-Next Commemorates International Literacy Day, Launches Virtual Financial Literacy Series: FMDQ, through its flagship corporate responsibility programme, FMDQ-Next, commenced online financial market education by launching its Financial Literacy Virtual Series, titled “The Money Genius”. The Programme was also launched in commemoration of Back to Top PUBLIC International Literacy Day, a day declared by UNESCO, to promote the importance of literacy as a matter of dignity and human rights, and to advance the literacy agenda towards a more literate and sustainable society, with a theme, “Literacy teaching and learning in the COVID-19 crisis”.

FMDQ Commemorates World Investor Week, Rings the Bell for Financial Literacy: The World Federation of Exchanges, the global industry group for exchanges and central counterparties, in partnership with the International Organisation of Securities Commissions hosted the annual World Investor Week (WIW). To commemorate the 2020 World Investor Week, FMDQ Group through a targeted social media campaign showcased FMDQ’s contribution to investor education, investor protection and financial literacy. The Group also held a “Ring the Bell for Financial Literacy” Ceremony on Monday, October 26, 2020, at FMDQ Group’s business complex, Exchange Place. The Ceremony, held, in collaboration with the SEC, had the Chief Executive Officer, FMDQ Group, Mr. Bola Onadele. Koko, and other members of FMDQ’s Executive Management in attendance, and was aimed at creating awareness about the importance of financial literacy.

Financial Centre for Sustainability, Lagos and Casablanca Finance City Authority, Casablanca Sign MoU to Promote Sustainable Finance & the United Nations SDGs: FC4SL commenced efforts to establish a relationship with the Casablanca City Finance Authority (CFCA), Morocco, one of the founding members of the FC4S Global Network. Consequently, a Memorandum of Understanding (MoU) was executed by both parties at a virtual Signing Ceremony which took place during the FC4S Global Network Annual General Meeting hosted by Finance for Tomorrow, the Paris FC4S chapter, with about thirty-two (32) member countries in attendance.

FMDQ Group Unveils Winners of its 3rd Annual GOLD Awards: FMDQ Group as a leading organiser of the Nigerian capital market, and as part of its commitment to celebrating the resilience and agility demonstrated by stakeholders in its markets – fixed income, currencies, and derivatives – held the 3rd annual GOLD Awards in line with its corporate tradition, on Friday, November 6, 2020. FMDQ recognised the commitments and invaluable contributions of the various stakeholders and participants in the FMDQ markets whose activities have directly impacted the development of the markets and positively contributed to making them “GOLD” – Globally Competitive, Operationally Excellent, Liquid and Diverse. In view of the extant COVID-19 guidelines, the 2020 GOLD Awards held via media circulation – with the awards published across various online and traditional platforms.

FMDQ Exchange Sensitises Stakeholders on Short-term Financing Option in the Nigerian Debt Markets: In line with the mandate of the FMDQ Debt Capital Markets Development (DCMD) Project to maximise the potential of the Nigerian debt markets through capacity development and support for issuers, investors and other participants in the Nigerian debt markets, the DCMD Project, through its Investors, Issuers & Intermediaries Engagement/Education Sub-Committee, organised a sensitisation session for market participants to highlight a viable short-term financing product – Commercial Papers (CP)s– available for corporates to meet their working capital requirements as well as other short-term financing needs. The FMDQ DCMD Project webinar, therefore, focused on demystifying the Nigerian CP market – value propositions, structure, procedures, documentation requirements, and key stakeholders. The webinar afforded the participants with a unique opportunity to acquire first-hand insights from subject matter experts, case studies cutting across issuer, sponsor, solicitors, and other parties to the transaction.

FC4S Lagos and PwC Nigeria Holds Series 3 Webinar Session on Building SDGs into Nigeria’s Path Forward: The Financial Centre for Sustainability, Lagos, in collaboration with PricewaterhouseCoopers (“PwC”) Nigeria executed a webinar session as part of the Market Education and Sensitisation Campaigns Initiative of the Research, Education and Engagements Thematic Area of the Organisation. The session focused on expert discussions and deliberations that sought to promote the consideration, adoption, and integration of the United Nations’ 2030 Sustainable Development Goals (SDGs) into the formulation of developmental policies and strategies to ensure a more sustainable, safer, and increasingly prosperous planet for all Nigerians.

FMDQ Holds Second Virtual “Members’ Only” Bi-Annual Meeting for 2020: As part of its commitment to the continuous development of the Nigerian financial markets and in line with its tradition of effective collaboration with stakeholders, FMDQ Securities Exchange Limited (“FMDQ Exchange or “The Exchange”) recently played host to key players in the FMDQ Markets represented by its (Dealing, Associate and Registration) membership categories at its second virtual “Members’ Only” Meeting for 2020. This year, the meetings have been held virtually in accordance with the COVID-19 advisory guidelines. The Meetings are crucial for evaluating the developed initiatives and their impact on the market, as well as affording FMDQ Members with the opportunity to interact, collaborate and contribute to the design of the FMDQ Markets architecture as relevant to their evolving needs and the value-adding services delivered by the Exchange.

For more insights on the happenings at Exchange Place, please click [here](#)

Other Market Development Initiatives: In addition to its market development activities, over the course of the year, FMDQ admitted the listings of twelve (12) corporate and subnational bonds with a total value of ₦0.29 trillion. The Exchange also admitted the quotations of sixty-seven (67) commercial papers (CPs) with a total value of ₦0.80 trillion. By their admission to the FMDQ platform, these securities have gained access to the full complement of the unsurpassed FMDQ Listings and Quotations Service, which includes, but is not limited to, improved secondary market liquidity, efficient listings/quotations process, unprecedented transparency and information disclosure, global visibility, and improved network effects.

Outlook for 2021

Having delivered value-adding initiatives and solutions despite the global economic downturn, in line with its 2020 strategic focus - expanding its offerings for the market across its exchange, clearing and depository functions, providing unrivalled product and market diversification as well as first-in-class services to all stakeholders, integrating the Nigerian financial market with its global counterparts, FMDQ, leveraging on the effective support and collaboration of its stakeholders remains committed to continue working assiduously, in 2021, to deliver innovative and key market development initiatives, including but not limited to:

- Introduction of new derivatives products to the financial market landscape, and expansion of the Nigerian derivatives market
- Activation of new products such as repurchase agreement (Repo) with collateral management service
- Key service development for FMDQ Depository
- Activation of the Central Counterparty Operation for FMDQ Clear

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54th FX Futures Contract Matures and Settles on FMDQ

On Wednesday December 30, 2020, the 54th FX Futures contract – NGUS DEC 30 2020 with a nominal value of \$2,200.77 million, matured and settled on FMDQ Securities Exchange. This maturity brings the total value of matured currency futures contracts on the Exchange, since the inception of the market in June 2016, to circa \$42.41 billion; with a total of about \$51.61 billion so far traded.

The matured contract was valued for settlement against the NAFEX – the Nigerian Autonomous Foreign Exchange Fixing – the FMDQ Exchange reference Spot FX rate published same day. The associated clearing/settlement activities were effected accordingly by FMDQ Clear.

The Central Bank of Nigeria (CBN), as observed over the last fifty-three (53) maturities, introduced a new contract, NGUS DEC 31 2025 for \$1.00 billion at \$/₦608.10 to replace the matured contract. The apex bank also refreshed its quotes on the existing 1 to 60-month contracts.

The contracts quotes are published daily on FMDQ's website at www.fmdqgroup.com and on the FMDQ Twitter page, [@FMDQGroup](https://twitter.com/FMDQGroup).

[Click here to view Open Contracts](#)

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At a Glance: Update from FMDQ Clear

For the period in view and following the receipt of an approval in principle to become Nigeria's premier Central Counterparty, FMDQ Clear, continues to deliver on its commitment to upgrade the markets in line with its mandate to propel efficiency through its risk management, clearing and settlement activities.

The tables below provide an overview of the clearing and settlement activities cutting across the derivatives (currency futures) and fixed income markets.

Table 1: Clearing and Settlement Activities in the Currency Futures (Derivatives) Market

S/N	Currency Futures (as of November 30, 2020)	September	October	Change (%)
Clearing				
1	No. of Traded & Cleared Contracts	5,035	5,089	1.07
2	Value of Traded & Cleared Contracts (\$'bn)	50.65	51.12	0.93
3	Value of Open Contracts (as of November 30, 2020) (\$'bn)	9.89	8.94	(9.61)
Settlement				
4	No. of Matured & Settled Contracts	4,248	4,385	3.23
5	Value of Matured & Settled Contracts (\$'bn)	40.76	42.21	3.56

Table 2: Clearing and Settlement Activities in the Sovereign Fixed Income Market

S/N	Sovereign Fixed Income	September	October	Change (%)
1	Total Value of Trades Processed (₦'bn)	3008.52	4487.22	49.15
2	Value of Trades Settled (₦'bn)	2701.42	4310.22	59.55
3	Value of Unsettled Trades (₦'bn)	307.10	177.00	(42.36)

Table 3: Clearing and Settlement Activities in the Non-Sovereign Fixed Income Market

S/N	Non-Sovereign Fixed Income	September	September	Change (%)
1	Total Value of Trades Processed (₦'bn)	4.31	0.78	(81.90)
2	Value of Trades Settled (₦'bn)	4.31	0.56	(87.01)
3	Value of Unsettled Trades (₦'bn)	0	0.23	N/A

For more on FMDQ Clear, please click [here](#)

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At a Glance: Update from FMDQ Depository

FMDQ Depository for the year 2020, continued to deliver on its operational mandate through the support of market stakeholders, to implement value-added products and service offerings, for the Nigerian capital market. During this period in view, FMDQ Depository successfully onboarded the following securities to its platform, offering them benefits including an efficient and seamless processing, accurate and timely information, reliable platform for recordkeeping, amongst others. The securities include:

- Lagos State Government of Nigeria ₦100.00 billion Series 3 Fixed Rate Bond under its ₦100.00 billion Bond Issuance Programme
- Dangote Cement PLC ₦100.00 billion Series 1 Fixed Rate Bond under its ₦300.00 billion Bond Issuance Programme
- United Capital PLC ₦10.00 billion Series 1 and ₦10.00 billion Series 2 Fixed Rate Bond under its ₦30.00 billion Bond Issuance Programme
- Citibank Nigeria Limited ₦2.50 billion Series 1 and ₦2.50 billion Series 2 Commercial Papers under its ₦36.00 billion Commercial Paper Issuance Programme
- Eterna PLC ₦3.00 billion Series 2 Commercial Paper under its ₦10.00 billion Commercial Paper Programme
- First City Monument Bank Limited ₦29.47 billion Series 1 Commercial Paper under its ₦100.00 billion Commercial Paper Issuance Programme
- Sterling Bank PLC ₦6.85 billion Series 1 and ₦8.15 billion Series 2 Commercial Papers under its ₦100.00 billion Commercial Paper Issuance Programme

- Flour Mills of Nigeria PLC ₦10.00 billion Series 13 and ₦20.00 billion Series 14 Commercial Papers under its ₦100.00 billion Commercial Paper Issuance Programme
- MTN Communications Nigeria PLC ₦20.00 billion Series 1 and ₦80.00 billion Series 2 Commercial Papers under its ₦100.00 billion Commercial Paper Issuance Programme
- Guinness Nigeria ₦2.50 billion Series 1 and ₦2.50 billion Series 2 Commercial Papers under its ₦10.00 billion Commercial Paper Issuance Programme
- Union bank of Nigeria PLC ₦17.50 billion Series 5, ₦2.50 billion Series 6, and ₦1.34 billion Series 7 Commercial Papers under its ₦100.00 billion Commercial Paper Issuance Programme

Assets lodged with FMDQ Depository are provided with credible asset servicing, reliable data, and information, as well as efficient value chain linkages guaranteed by FMDQ's vertically integrated structure (Exchange, Clearing & Depository), amongst other value-added services. As the Depository of Choice for the Nigerian market participants, FMDQ Depository completes the value chain of pertinent market infrastructure for the pre-trade, trade and post-trade spectrums provided by FMDQ Group.

For more on FMDQ Depository service offerings, please click [here](#)

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FMDQ LISTINGS & QUOTATIONS

Union Bank of Nigeria Join Other Corporates to Issue Short Term Securities on the Exchange Platform

Committed to delivering exceptional value to the Nigerian financial markets and its stakeholders, FMDQ Securities Exchange Limited (“FMDQ” or “the Exchange”) demonstrated its steadfastness as it again achieved swift time to market when the FMDQ Board Listings, Markets and Technology Committee on November 30, 2020 approved the **Quotation of the Union Bank of Nigeria PLC ₦17.50 billion Series 5, ₦2.50 billion Series 6, and ₦15.00 billion Series 7 Commercial Papers** (the “CPs”) under its ₦100.00 billion Commercial Paper Issuance Programme on the FMDQ Exchange platform.

Just like others, the successful admission of this Commercial Paper, following due approval, attests to the highly efficient time to market and uniquely tailored Listings and Quotations service offered by FMDQ and validates FMDQ Exchange as the choice platform for the registration, listing, quotation, trading and recording of financial securities in the Nigerian financial market.

With activities for the year winding down, FMDQ’s goal of making the capital markets globally competitive remains valid, as the Exchange maintains its focus on sustaining its standard of providing a quality and reliable platform, with unrivalled market data and information, whilst promoting price discovery, transparency and efficiency. From the continuous provision of invaluable information, to global visibility, improved secondary market liquidity, efficient price formation and unique transparency, the activities and value-adding services of the Exchange continue to be experienced by businesses, corporate and government entities with debt securities listed/quoted on FMDQ.

FMDQ Group is Africa’s first vertically integrated financial market infrastructure Group which provides a one-stop platform for the seamless and cost-efficient execution, risk management, clearing, settlement and depository services for the Nigerian financial market.

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Corporates Continue to Seek Opportunities in the Nigerian Commercial Paper Market, Boost Liquidity with Quotation of Additional CPs

The Nigerian Commercial Paper market has continued to receive the much-needed boost from corporate entities looking to raise finance their short-term funding needs. FMDQ Securities Exchange Limited (“FMDQ” or the “Exchange”) continues to avail its credible and efficient platform as well as

tailor its Listings, Quotations and Noting services to suit the needs of issuers and its Registration Members (sponsors of the issue on FMDQ Exchange). The Exchange, following the due diligence of the responsible Board Committee has approved the registration and quotation of the following securities on the Exchange:

- Registration of the Total Nigeria PLC ₦30.00 billion Commercial Paper Programme
- Quotation of the Nigerian Breweries PLC ₦3.10 billion Series 9, ₦7.15 billion Series 10, and ₦10.09 billion Series 11 Commercial Papers under its ₦100.00 billion Commercial Paper Issuance Programme
- Quotation of the United Capital PLC ₦15.00 billion Series 3 Commercial Paper under its ₦20.00 billion Commercial Paper Issuance Programme
- Quotation of the Mixta Real Estate PLC ₦5.67 billion Series 31 Commercial Paper under its ₦20.00 billion Commercial Paper Issuance Programme
- Quotation of the Stanbic IBTC Bank PLC ₦22.00 billion Series 1 Commercial Paper under its ₦100.00 billion Commercial Paper Issuance Programme

In addition to the efficient registration process, the quotations of these CPs on FMDQ, will avail the issuers benefits which include, but are not limited to, enhanced investor confidence in the issuers, transparent/relevant information disclosure on the issues, effective price formation and global visibility.

In keeping with its commitment to the develop the Capital Markets, FMDQ Exchange shall sustain its efforts in supporting issuers with tailored financing options to enable them achieve their strategic objectives, deepen and effectively position the Nigerian debt capital market for growth. With a vision to become “the leading African builder of ecosystems of financial infrastructure and services for markets”, and a mission to “collaborate to empower markets for economic progress towards delivering prosperity”, FMDQ Group is unwavering in its pursuit of product and market innovation and as well as stakeholder engagement, towards making the Nigerian financial markets globally competitive, operationally excellent, liquid, and diverse, in line with its GOLD Agenda.

With its streamlined and efficient registration process, FMDQ has continued to show its steadfastness in aligning the Nigerian debt capital markets to international standards, through the promotion and provision of a world-class quotations service, availing issuers and investors the much-needed global visibility, confidence, and protection in the markets.

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FMDQ TURNOVER & DEALING MEMBER (BANKS) LEAGUE TABLE

FMDQ Turnover & Dealing Member (Banks)' League Table Report

The FMDQ Market Turnover Report shows the turnover on all products traded on the FMDQ secondary market – Foreign Exchange (FX), Treasury Bills (T.bills), Bonds (FGN Bonds, other Bonds (Agency, Sub-national, Corporate & Supranational) & Eurobonds)) Commercial Papers and Money Market (Repos/Buy-Backs and Unsecured Placements/Takings). These figures exclude primary market auctions in T.bills and Bonds.

The data, collated from the weekly trade data submissions by FMDQ Dealing Member (Banks), represents trades executed amongst the Dealing Member (Banks), Dealing Member (Banks) & Clients, and Dealing Member (Banks) & the CBN.

FMDQ Market Turnover (January - November 2020)

Product Category	(N'mm)	(\$'mm)
Foreign Exchange	27,290,735	72,889
Foreign Exchange Derivatives	33,128,182	87,577
Treasury Bills	8,686,841	22,630
OMO Bills	60,225,518	158,937
FGN Bonds	24,835,605	65,412
Other Bonds*	13,975	36
Eurobonds	400,716	1,050
Repurchase Agreements/Buy-Backs	38,820,941	102,030
Unsecured Placements/Takings	1,461,387	3,859
Money Market Derivatives	335,650	877
Commercial Papers	-	-
Total	195,199,551	515,298
No. of Business Days	229	229
Average Daily Turnover	852,400	2,250

Average YTD \$/N @380.91
mm – million

*Other Bonds include Agency, Sub-national, Corporate & Supranational Bonds

Note: Figures may be subject to change due to potential adjustments from Dealing Member (Banks)

Source: FMDQ Data Portal as @ December 4, 2020; Figures reported by Dealing Member (Banks) on a week-ending basis



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The total turnover for the January - November 2020 period amounted to ₦195.20 trillion. Trading activities in FX (Spot FX and FX Derivatives) contributed the largest to overall turnover, accounting for 30.95% of the market. Transactions in OMO bills accounted for 30.85% whilst Repurchase Agreements (Repos)/Buy-Backs product categories (Repos/Buy-backs) accounted for 19.89%, and Bonds, Treasury Bills, Unsecured Placements & Takings and Money Market Derivatives representing 12.94%, 4.45%, 0.75% and 0.17% respectively, of overall market turnover.

Top Ten (10) Dealing Member (Banks) in FMDQ Markets (January – November 2020)

The FMDQ League Table shows the rankings of its top ten (10) Dealing Member (Banks) by overall market turnover in the FMDQ Markets

RANK	DEALING MEMBER (BANKS)
1	STANBIC IBTC BANK PLC
2	ACCESS BANK PLC
3	UNITED BANK FOR AFRICA PLC
4	FIRST BANK OF NIGERIA LIMITED
5	ZENITH BANK PLC
6	STANDARD CHARTERED BANK NIGERIA LIMITED
7	CORONATION MERCHANT BANK LIMITED
8	ECOBANK NIGERIA LIMITED
9	FBNQUEST MERCHANT BANK LIMITED
10	GUARANTY TRUST BANK PLC

The top ten (10) Dealing Member (Banks) accounted for 79.01% (₦154.22 trillion) of the overall turnover in the market, with the top three (3) accounting for 64.72% (₦99.81 trillion) of this sub-section of the market. Stanbic IBTC Bank PLC, Access Bank PLC and United Bank for Africa PLC maintained the 1st, 2nd and 3rd positions respectively, in the value traded for the review period.

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Recent Developments in The Nigerian Debt Capital Market

Introduction

The history of Nigerian Debt Capital Markets (DCM) can be traced back to 1946 when the colonial government issued a £300,000.00 bond to implement a ten (10) year infrastructure development plan. To facilitate the Nigerian Capital Market development, the erstwhile Lagos Stock Exchange was established in 1960 whilst the Securities Exchange Commission, Nigeria (SEC) was established by the Securities and Exchange Commission Act in 1979. Today, there are several Exchanges in Nigeria for the listing of DCM instruments such as Bonds and Promissory Notes.

The DCM refers to the segment of the financial markets in which governments (sovereign & sub-national¹), supranationals², multilateral and corporate institutions raise funds through the issuance (and trading) of debt securities (mainly bonds) such as: Federal Government of Nigeria (FGN) bonds, Eurobonds, Sub-national bonds, and Corporate bonds etc. DCM securities are financial instruments utilised by governments, multilateral, and corporate institutions (collectively referred to as "Issuers") to raise long term funds from market participants.

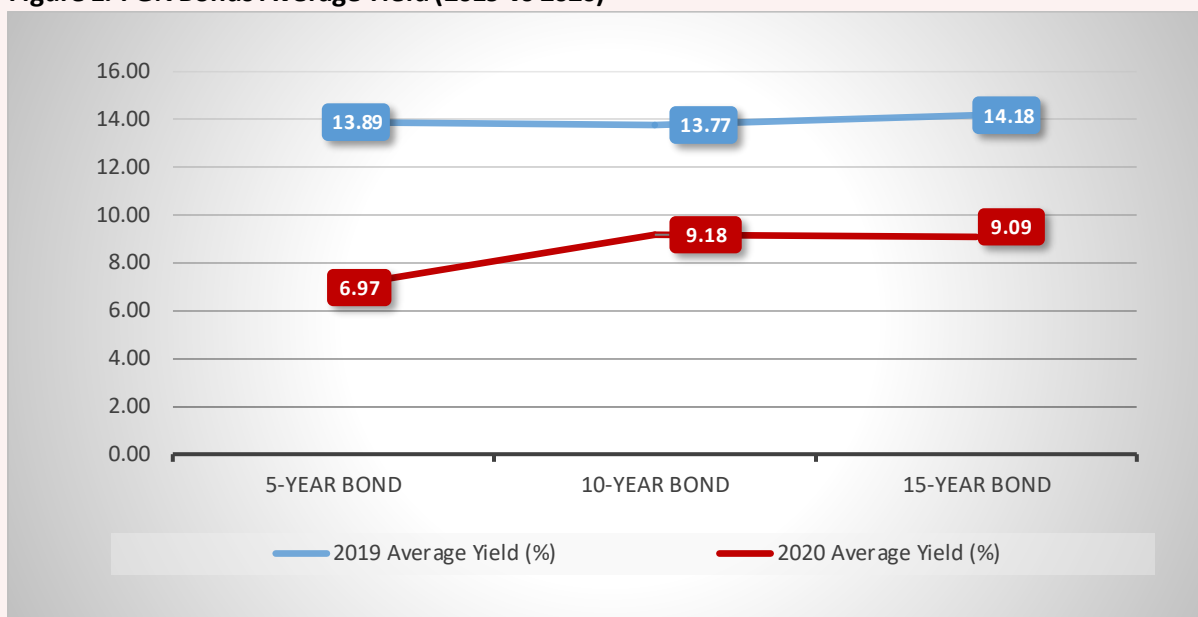
Notable Developments in the Nigerian DCM

The Nigerian DCM has shown resilience, authenticating its role and capacity to support economic growth by providing an alternative capital and liquidity source for Issuers. The below chart compares the average yields of FGN bonds issued in 2019 and 2020; from the figures there have been a significant decline in yields. This decline in yields have also been experienced with corporate bonds leading to increased participation of corporate institutions based on total face value of corporate bonds issuances since 2018 till date. In 2020 the total face value of corporate bond issuances stood at **₦187.20 billion**; a c. 10% increase when compared with 2019 figures which stood at **₦169.26 billion**.

¹ State and Local Governments

² Entities formed by two or more central governments with the purpose of promoting economic development for the member nations.

Figure 1. FGN Bonds Average Yield (2019 vs 2020)



Some of the notable developments in the Nigerian DCM in 2020 are briefly discussed below.

1. Largest Sub-National Bond Issuance in Nigeria (Lagos State Government ₦100.00 billion Bond)

The Lagos State Government issued the largest debt offering by a Sub-national in Q1 2020 where it offered a ₦100.00 billion Series 3 10-year 12.25% Fixed Rate Bond under the ₦500.00 billion debt issuance programme. The Sub-national Bond was oversubscribed by c.96.50%, demonstrating continued investor confidence in Lagos State and the State's strong credit profile (Aa- Augusto Rating).

2. Largest Corporate Bond Issuance in Nigeria (Dangote Cement PLC ₦100.00 billion Bond)

In the DCM for corporate institutions, Dangote Cement PLC issued its debut ₦100.00 billion Series 1 5-year 12.50% Fixed Rate Bond under the ₦300.00 billion debt issuance programme in Q2 2020 to finance capacity expansion project, export terminal project and refinancing of shareholder loan. The offer, which was oversubscribed by c.50.00%, is the largest corporate bond issued in the Nigerian capital market to date.

3. Registration of ₦300.00 billion Supranational Bond by Africa Export-Import Bank ("Afreximbank")

In Q1 2020, Afreximbank registered a ₦300.00 billion domestic bond programme with the Securities and Exchange Commission, the first-ever Afreximbank local currency fundraising programme in Nigeria. Afreximbank is the third (3rd) Supranational to register a domestic bond program sequel to similar registrations by the International Finance Corporation ("IFC") and African Development Bank ("AfDB"). Afreximbank is expected to utilise the bond proceeds to provide adequate and competitive local currency funding to help entities create the necessary capacities to produce the goods required for export markets. More importantly, it is part of the

broad set of programmes initiated by the Afreximbank to ensure Africa's preparedness for the African Continental Free Trade Agreements.

4. *Introduction of the FGN 25-Year Bond*

In July 2020, the Debt Management Office ("DMO") released the FGN Bond Issuance Calendar for the third (3rd) quarter of 2020 where it introduced a new Issue with a twenty-five (25) year tenor, a year after the introduction of the thirty (30) year FGN bond. This signifies efforts by the FGN to deepen the sovereign yield curve, simultaneously providing a benchmark yield for the valuation of non-sovereign bonds and other similar securities with an equivalent tenor.

FMDQ Exchange provides a platform for market participants to raise capital and facilitate secondary market activities in the DCM via instruments listed, quoted, and traded on the FMDQ Exchange platform including FGN Bonds, Green Bonds, Eurobonds, Corporate Bonds, Supranational Bonds, Sub-national Bonds. etc.

Conclusion

The Nigerian DCM continues to record stellar improvements on an annual basis. Although the government remains the dominant player in the DCM, the low interest rate environment has resulted in an increase in the participation of corporates in the DCM.

With the steady growth and development of the Nigeria DCM, coupled with the increasing need for safe and secure investment, the DCM will most likely witness a steady increase in issuers' participation in the short-medium term.

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